

Message Text

CONFIDENTIAL

PAGE 01 QUITO 07645 111832Z

42

ACTION ARA-10

INFO OCT-01 SS-14 ISO-00 SP-02 L-01 EB-03 INR-05 CIAE-00

RSC-01 NSC-05 NSCE-00 /042 W
----- 065368

P 111750Z NOV 74

FM AMEMBASSY QUITO

TO SECSTATE WASHDC PRIORITY 3286

INFO AMCONSUL GUAYAQUIL

C O N F I D E N T I A L QUITO 7645

LIMDIS

E.O. 11652: GDS

TAGS: PFOR EINV EC

SUBJECT: TEXACO-GULF PROBLEM

REF: A) QUITO 7013, B) QUITO 7106; C) QUITO 7287

1. IN PRIVATE CONVERSATION WITH TEXACO-GULF'S LATIN AMERICAN OPERATIONS MANAGER MAX CRAWFORD EVENING NOVEMBER 10, DCM WAS INFORMED THAT CURRENT TALKS BETWEEN TEXACO-GULF AND GOE PETROLEUM OFFICIALS, INCLUDING NEW MINISTER OF NATURAL RESOURCES, SALAZAR, ARE PROGRESSING WELL. CRAWFORD SAID THAT NEW TEAM IN THE MINISTRY OF NATURAL RESOURCES SEEMED MUCH MORE RECEPTIVE TO PRACTICAL ASPECTS OF THE CURRENT PRICING PROBLEM THAN DID THEIR PREDECESSORS.

2. THE PROBLEM ARISES FROM THE OVER-PRICING OF ECUADOREAN CRUDE IN THE WORLD MARKET. THE CRUDE, THEREFORE, IS NOT BEING LIFTED AT ANYWHERE NEAR ITS EARLIER RATE. PRODUCTION IS NOW UNDER 100,000 BARRELS A DAY, WELL BELOW THE AUTHORIZED PRODUCTION LIMIT OF 210,000 BARRELS. THE EFFECT OF THE MODIFICATION TO SUBCONTRACTORS TO SHUT DOWN ALL BUT ONE WORKING RIG AND ONE WORK-OVER RIG (SEE REFTTEL) WILL NOT BE FELT ON EMPLOYMENT UNTIL THE 30 DAY NOTICE PERIOD TERMINATES TOWARD THE END OF NOVEMBER. AT THAT TIME PROBABLY 500 EMPLOYEES OF SUBCONTRACTORS WILL BE OUT
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 QUITO 07645 111832Z

OF WORK. NEVERTHELESS, THE RIGS REMAIN IN THE COUNTRY

AND IF A NEW PRICE STRUCTURE JUSTIFIES IT, THEY CAN CONTINUE IN OPERATION.

3. CRAWFORD SAID THAT GOE HAS AGREED THUS FAR THAT PRICE STRUCTURE CAN BE REDUCED BY 40 CENTS A BARREL. NEVERTHELESS, CRAWFORD BELIEVES THAT IT WILL TAKE A REDUCTION OF ALMOST TWICE THAT MUCH TO MOVE THE CRUDE AT PRIOR RATES. HE REMAINS OPIMISTIC THAT THIS CAN BE DONE, AND THEREFORE SEES NO SERIOUS CONFRONTATION WITH THE GOE.
BREWSTER

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM INDUSTRY, PETROLEUM, MEETINGS, PRICES
Control Number: n/a
Copy: SINGLE
Draft Date: 11 NOV 1974
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: cunninfx
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974QUITO07645
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D740324-0627
From: QUITO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19741154/aaaabtko.tel
Line Count: 71
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: LIMDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: LIMDIS
Reference: A) QUITO 7013, B) QUITO 7106; C) QUI, TO 7287
Review Action: RELEASED, APPROVED
Review Authority: cunninfx
Review Comment: n/a
Review Content Flags:
Review Date: 16 SEP 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <16 SEP 2002 by cunninfx>; APPROVED <11 MAR 2003 by cunninfx>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: TEXACO-GULF PROBLEM
TAGS: PFOR, EINV, EC, TEXACO, GULF
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005